THE STRATEGIC IMPERATIVE: WHY EUROPEAN HCLS SHOULD LOOK TO THE U.S. NOW

*Welcome to a six-part series authored by leading M&A professionals from **CNM LLP**, **Cozen O'Connor**, **NOBLE Capital Markets**, and **Pathfinder Advisors LLC** that explores the compelling strategic reasons and operational drivers for European companies and investors to target middle-market U.S. Healthcare and Life Sciences ("HCLS") acquisitions. Leveraging insights from investment banking, operational advisory, legal, finance, human resources, and other M&A perspectives, the series delves into specific market opportunities, innovation landscapes, talent advantages, and complex regulatory and legal considerations inherent in transatlantic HCLS deals. It provides practical guidance on navigating the due diligence process and achieving successful integration post-acquisition, offering a comprehensive roadmap for unlocking value in the dynamic U.S. healthcare and life sciences sector.*

*This first article explores the compelling strategic and operational reasons for European companies and investors to target middle-market HCLS acquisitions **now**. It highlights the confluence of attractive valuations, the U.S. market's continued status as a global growth and innovation engine, and the country's recent market regulatory and budgetary trends that provide compelling opportunities for European companies to invest in U.S. health care and life science companies, assets, and technologies.*

The global health economy is rapidly evolving, and for European HCLS companies and investors, one trend is becoming increasingly clear: the strategic importance of building a deeper presence in the U.S. market. Beyond merely selling products, European leaders are recognizing the unique environment the United States offers for innovation, partnerships, and long-term growth. This transatlantic engagement and the timing of political and regulatory events present an extraordinary opportunity for stakeholders on both sides of the Atlantic, including collaboration, capital infusion, and cross-border synergy.

ATTRACTIVE VALUATIONS, ESPECIALLY IN INNOVATION-DRIVEN SECTORS

Following the post-COVID market correction and through the early stages of a new US presidential administration and Congressional term, valuations across the U.S. HCLS landscape have remained compressed and investors' "dry-powder" has remained largely on the sidelines as we head into the summer of 2025 and could likely continue to do so into 2026 opening the door for more opportunities. This is particularly true within innovation-driven segments such as biotech, med-tech, and digital health. Many U.S. startups and small-cap public companies are currently trading well below their perceived intrinsic value.

For European buyers, this presents a compelling opportunity. It is a chance to acquire strategic assets, access world-class innovation, and gain market position without the inflated pricing pressures seen in previous M&A environments at an inflection point in the structure of the US healthcare system. From a U.S. perspective, this influx of European capital can provide much-needed investment and pave the way for long-term growth partnerships.

THE U.S. MARKET IS STILL THE GLOBAL GROWTH ENGINE

Despite the growth of domestic markets in Europe, the United States continues to hold an outsized position in the global healthcare sector. It represents over 40% of total global health spending and nearly 50% of global biopharma sales and it accounts for approximately 20% of the country's Gross Domestic Product. For any European company with global ambitions, establishing a robust U.S. presence is not just advantageous, but critical for long-term commercial success and enhancing strategic valuation multiples.

For U.S. firms and investors, welcoming European entrants can open doors to differentiated technologies and innovative approaches. It can also provide access to operational insights into navigating transatlantic regulatory pathways, benefiting from ongoing collaborative efforts and increasing alignment between the EMA and FDA processes.[MP1]

The development of consumer-focused technologies such as "wearables" with sophisticated AI powered diagnostics paired with actionable advice, an aging population, and a market (as well as political) focus on longevity and overall wellness creates additional investment opportunity for services, technologies and treatments that are reimbursed outside of the traditional US health insurance reimbursement system.

INNOVATION ECOSYSTEMS: U.S. CLUSTERS, EUROPEAN STRENGTHS

The U.S. is home to deep, vibrant innovation clusters in key regions like Boston, the San Francisco Bay Area, San Diego, and the Research Triangle Park in North Carolina. These hubs are fertile ground for pioneering clinical research, fostering academic partnerships, and nurturing venture-backed startups. European companies can directly plug into these dynamic ecosystems through acquisition.

While the U.S. boasts significant innovation infrastructure, European companies bring their own complementary strengths. These include cost-effective, rigorous science, deep academic roots, and often highly efficient regulatory pathways in their home markets. Cross-border M&A, joint ventures, and minority investments allow European players to tap into U.S. networks, while American firms can leverage European expertise, particularly in areas like specialty manufacturing and therapeutic platforms.

BUDGETARY, REGULATORY AND POLICY SHIFTS FAVOR US INVESTMENT

Aggressive cost-cutting initiatives to public health programs are anticipated at the federal level in the US creating massive opportunities for drugs, therapy, technology, and expertise that lower the cost and increase the efficiency of the delivery and administration of health care.

Transatlantic regulatory pathways have become smoother, facilitating easier approval and commercialization strategies over recent years. Driven by the federal government's focus on efficiency and cost-reduction throughout the health care system, the FDA's recent embrace of accelerated pathways for breakthrough therapies, digital tools, and real-world evidence has shown growing alignment with trends at the European Medicines Agency (EMA) which is expected to continue as the FDA fully transitions to new leadership. Meanwhile, recent U.S. policy shifts are creating additional reasons for European firms to look closely at the US HCLS market.

Examples include expanded CMS reimbursement for innovative technologies and tariffs that are intended to favor US manufacturing initiatives for investors planning to seek these unique opportunities in the US. From the U.S. perspective, the influx of experienced European firms could bolster domestic innovation pipelines and improve the efficiency of commercialization efforts. This activity can also fuel economic development in key biotech and med-tech corridors across the country.

CAPITAL AND STRATEGIC ALIGNMENT ACROSS THE ATLANTIC

Cross-border deals are not only growing in volume but also in sophistication. European companies are increasingly well-capitalized, backed by government grant programs, a diverse range of investors including sovereign funds, large corporate investors, and private equity firms. On the U.S. side, early-stage ventures and established firms alike are more open than ever to non-traditional partnerships and M&A that bring not just financial capital, but valuable global expertise. With talent, technology, and capital flowing more freely between the two regions, the fundamental conditions are in place for a new phase of robust transatlantic healthcare collaboration.

This trend is reinforced by recent data indicating strong global healthcare private equity activity in 2024 and has continued in 2025, partially driven by the need for PE firms to deploy capital accumulated during longer hold periods with significant value represented in both North America and Europe. Large-scale deals are making headlines, such as the joint $16.3–$16.7 billion leveraged buyout proposal by TPG and Blackstone to take medical technology company Hologic private. Recent examples underscore a growing European interest in establishing or expanding U.S. operational footprint and accessing innovation within HCLS and related sectors. Recent examples include the acquisition of U.S. CDMO giant Catalent by Denmark-based Novo Holdings, Swiss company Alcon's acquisition of U.S. Medtech firm Lensar, and Swedish hygiene product manufacturer Essity's potential shifting of production to the U.S.

SUMMARY: A STRATEGIC MOMENT FOR BOTH SIDES

For European HCLS companies and investors, the U.S. middle market offers unparalleled market potential, deep innovation networks, and the opportunity to form high-impact partnerships, which can include significantly lower costs of capital from European operations, and at a unique moment in time. Simultaneously, for U.S. firms and investors, welcoming European investment provides valuable diversification, access to significant capital, and expanded pathways into international science and markets.

This convergence of factors creates a strategic moment. The companies and investors that recognize this opportunity and act decisively now will be best positioned to shape the future of global health. By pursuing transatlantic M&A, they can create powerful synergies that drive significant value and build sustainable competitive advantages in the years ahead.

Keep in touch with CNM, Cozen O'Connor, Noble Capital Markets, and Pathfinder Advisors for the latest on our upcoming article series. Plus, don't miss our webinar diving into these topics on July 24.

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